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DEPARTMENT FOR EUR/AGS

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SUBJECT: Grand Coalition Fatigue Sets Off Unrest in State CDUs

REF: Berlin 0275

Classified by: CG Jo Ellen Powell for Reasons 1.4(b) and (d).

11. (C) SUMMARY: With the September 2009 general election approaching, Chancellor Merkel's CDU faces declining poll numbers nationally, with gains going largely to the FDP. (The CDU's coalition partner and arch-rival, the SPD, has faced troubling polls for months now.) State CDUs are urging Merkel to abandon her centrist line, and appeal more to the CDU's traditional conservative base. A possible state rescue of auto manufacturer Opel, has set off further debate on the course of the CDU, with many arguing that the CDU needs to take a tougher line against state help. In Baden-Wuerttemberg and Hesse, two states where the CDU governs, there is increasing dissatisfaction with the current direction of the national party and the Grand Coalition. While a stronger conservative line from Merkel might appeal to these conservative state parties, the picture is less clear at the national level. END SUMMARY.

B-W CDU: Oettinger Concerned over Drop in Polls

12. (U) Baden-Wuerttemberg Minister President Guenther Oettinger broke ranks with the Christian Democratic Union (CDU) leadership in an interview with the "Hamburger Abendblatt" March 8 saying Chancellor Angela Merkel "should take off her Chancellor uniform and put on the uniform of the national CDU leader." Oettinger lashed out at Merkel for following a centrist line in ruling with the Social Democratic Party (SPD) and neglecting the more conservative party wing. Oettinger's sharp criticism came after one poll indicating the CDU's popularity has dropped nationally from 37% to 32% (see reftel), while another poll shows the CDU at 34%. Merkel quickly rebuffed Oettinger's words saying she always balances her roles as Chancellor and CDU Chairperson. However Oettinger seems to have struck a chord with party members who feel Merkel is alienating the party's core conservative voters and driving them to the Free Democratic Party (FDP).

13. (C) Oettinger has been critical of the Chancellor's handling of the economic crisis and cited her lack of clarity on key issues. Regarding the partial state buy-ups of Hypo Real Estate and Commerzbank, Oettinger said "We cannot create the impression that the CDU is the party of nationalizations." Although Oettinger acknowledged the necessity of compromise in the Grand Coalition, he argued that Merkel should state the CDU's initial position clearly before negotiating any deals. Karin Maag, a CDU Bundestag candidate in the state, told Pol Spec that the party should make clear that state interventions in the banks will end in a future CDU-led government.

14. (C) Matthias Proefrock, Oettinger's personal aide, told Pol Spec that Oettinger feels compelled to criticize Merkel to stem the erosion of CDU support. Even in CDU strongholds like Baden-Wuerttemberg, the party's numbers have dipped below 40% in the polls, while state politicians have a lot at stake in upcoming municipal and European Parliament elections. Maag said that Oettinger's criticism was unhelpful as it only made the party look divided to the public. However, Oettinger's remarks mostly drew a

positive reaction in Baden-Wuerttemberg, where, according to CDU Caucus Chief Stefan Mappus, many voters no longer knew what the CDU stood for.

Hesse CDU: Koch is Not the Only Problem

15. (U) In Hesse, the CDU faces similar dissatisfaction with Minister President Roland Koch, Merkel's close ally. Koch has faithfully supported the Chancellor since becoming Vice-Chairperson of the national CDU in 2006, but his own foibles and close association with Merkel have worked against him. The CDU received a disappointing 36.8% of the vote in the January 2008 state election, down from 48.8% in 2003. It did only marginally better (37.2%) in the January 2009 revote, held after the failure to form a government and the SPD's famous implosion. The votes lost by the SPD were picked up by the FDP and Greens rather than the CDU. Many blamed Koch's divisive political style for the party's poor result, but the increase in the FDP and decline in the CDU's numbers has been a nationwide phenomenon.

16. (C) Hesse Finance State Secretary Thomas Schaefer (CDU) told Pol Off he blamed the Grand Coalition, not Koch, for the election disappointment, saying that voters wanted to see a classic, conservative CDU rather than the centrist one of Chancellor Merkel and were therefore gravitating toward the FDP. Unrest has appeared within the famously loyal Hesse CDU as rumors have circulated that Koch will quit his post following the September election, either to become EU Commissioner for Enterprise and Industry or to take a cabinet position. At a March 14 state convention, two Koch loyalists failed to gain their spots on the party's list of European Parliament delegates, in what has been widely interpreted as a proxy vote against Koch and the party's current direction. While no CDU members in Hesse have spoken out as adamantly as those in Baden-Wuerttemberg, Schaefer and others feel that the CDU's performance in upcoming elections in the state depends largely on Merkel's course at the national level.

Opel Hot Potato Splits CDU

17. (C) The discussion of a possible state bailout for troubled auto manufacturer Opel has also emerged as a hot potato revealing fissures within the party. Koch and North-Rhine Westphalia Minister President Juergen Ruettgens (CDU) remain strongly in favor of helping Opel, as their states are home to most of Opel's production. But many voices in the CDU, including Oettinger, have spoken out against helping Opel arguing that the business has long been unprofitable. The split in opinion in many cases follows territorial lines, as Baden-Wuerttemberg is home to Opel rivals Daimler and Porsche. Schaefer argued that Opel and General Motors were operationally inseparable (much of GM's research and development is done by Opel) and if the U.S. government rescued parent company General Motors, Germany would have to act to save Opel as well. Such a move would prove controversial within the CDU and could again push more conservative voters to the FDP.

18. (C) COMMENT: With elections approaching on the national, European and municipal level, the CDU must work to overcome voter fatigue with the parties in power and mobilize its supporters. Merkel faces the challenge of balancing her roles as Chancellor, where she must work with the SPD, and candidate, where she will campaign against the SPD. As the campaign begins in earnest, the groundswell already apparent in state CDUs for a more conservative message that clearly distinguishes the party from rivals is likely to grow. END COMMENT.

19. This cable was coordinated with Embassy Berlin.
POWELL